

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 IO-14 ISO-00 SOE-02 AID-05 CEA-01

CIAE-00 DODE-00 EB-08 DOE-15 H-02 INR-10 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 OES-09

SP-02 SS-15 STR-07 TRSE-00 ACDA-12 JUSE-00 AGR-01

FRB-01 LAB-04 PA-02 CTME-00 ITC-01 /163 W

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MTN ALSO FOR MISSION

E.O. 11652: N/A

TAGS: ETRD, ENGR, GATT, NO

SUBJECT: BUY-NORWEGIAN EMPHASIS IN OFFSHORE DEVELOPMENT

REFS: (A) STATE 186080 (NOTAL); (B) OSLO 2552; (C) STATE 118158

1. EMBOFF DISCUSSED NORWEGIAN REGISTERING AND REPORTING SYSTEM FOR OFFSHORE CONTRACT TENDERS WITH HEAD OF DIVISION H.B. TORP, OFFICIAL IN CHARGE OF NEW OFFICE IN MINISTRY OF PETROLEUM AND ENERGY ESTABLISHED TO IMPLEMENT PROGRAM. TORP BRIEFLY DESCRIBED HOW THE SYSTEM OPERATES, AND IS ALSO PROVIDING TEXTS OF REGULATIONS AND COPIES OF REPORTING AND REGISTERING FORMS. (POUCHED TO DEPT.)

2. TORP EXPLAINED THAT, UNDER SECTION 54 OF THE BASIC 1972 NORWEGIAN LAW RELATING TO OFFSHORE DEVELOPMENT, HIS OFFICE MONITORS ACTIVITIES INVOLVING THE POSSIBLE USE OF NORWEGIAN GOODS AND SERVICES OFFSHORE. UNDER THE REGISTERING AND REPORTING SYSTEM, HE SAID, THE MINISTRY TRIES TO INSURE THAT OIL OPERATORS HAVE TAKEN FULL NOTE OF NORWEGIAN CAPABIL-
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ITIES WHEN MAKING PROCUREMENT DECISIONS. EXISTENCE OF THE APPARATUS SERVES AS A "CONTINUAL REMINDER" TO THE OPERATORS, HE SAID, BUT EMPHASIZED THAT THE MINISTRY DOES NOT TRY TO FORCE AN OPERATOR TO USE NORWEGIAN GOODS OR SERVICES.

3. AS REPORTED, THE FIRST STEP IN THE REGISTERING AND REPORTING SYSTEM IS FOR AN OPERATOR TO SUB-

MIT TO THE MINISTRY A LIST OF COMPANIES WHICH THE OPERATOR INTENDS TO APPROACH CONCERNING A CERTAIN OFFSHORE TASK. (ONLY JOBS VALUED AT ONE MILLION NKR OR MORE NEED BE REPORTED). THE MINISTRY REVIEW THIS LIST, AND IF, IN ITS JUDGEMENT, ADDITIONAL NORWEGIAN FIRMS SHOULD BE ON THE LIST, IT ASKS THE CONTRACTOR WHETHER THESE PARTICULAR FIRMS WERE CONSIDERED. IF CONSIDERED AND REJECTED, THE MINISTRY ASKS WHY; IF NOT CONSIDERED, THE MINISTRY ASKS THAT THEY BE. TORP DESCRIBES THIS FIRST STEP AS DESIGNED TO PROMOTE AWARENESS OF NORWEGIAN COMPETENCE, BUT SAYS THAT IT IS VERY UNUSUAL FOR INTERVENTION HERE BECAUSE OF THE OPERATORS' GOOD FAMILIARITY WITH NORWEGIAN CAPABILITIES.

4. AFTER TENDERS HAVE THEN BEEN CIRCULATED, AND BIDS MADE, THE NEXT STEP IN THE MONITORING PROCESS IS FOR OPERATORS TO SUBMIT TO THE MINISTRY A LIST OF THE BIDS, EVALUATIONS, AND AN EXPLANATION OF WHY THE SUPPLIER CHOSEN HAS BEEN SELECTED. IF THE MINISTRY DETERMINES THAT A NORWEGIAN FIRM RANKED VERY CLOSE TO A FOREIGN "WINNER", IT WILL THEN ASK THE OPERATOR FOR MORE DETAILS ABOUT WHY THE NORWEGIAN FIRM'S SUBMISSION WAS NOT RANKED HIGHER. ACCORDING TO TORP, THERE IS OFTEN QUOTE ONLY A MISUNDERSTANDING OF TERMS OR CALCULATIONS SUBMITTED BY THE NORWEGIAN FIRM, AND A SECOND CONSIDERATION WILL UNCLASSIFIED

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SHOW THE NORWEGIAN BID AS BEING THE BEST. UNQUOTE IF THE OPERATOR STICKS BY HIS ORIGINAL DECISION, HOWEVER, THE MATTER IS CLOSED. IN ALL OF THIS THE MINISTRY IS VERY CAREFUL TO PRESERVE BUSINESS CONFIDENTIALITY, AS WELL AS IMPARTIALITY AMONG NORWEGIAN FIRMS. IT DOES, HOWEVER, INFORM NORWEGIAN COMPANIES IN GENERAL TERMS WHY OPERATORS HAVE JUDGED THEM NON-COMPETITIVE. THIS LAST STEP IS PART OF THE EFFORT TO CONTINUALLY ENHANCE NORWEGIAN COMPETENCE IN THE OFFSHORE SECTOR.

5. TORP DESCRIBES THE SYSTEM AS UNCOMPLICATED AND RELATIVELY BURDENLESS FOR ALL PARTIES INVOLVED. REPORTING FORMS, HE CLAIMS, ARE SIMPLE, AND HIS OFFICE IS ABLE TO COMPLETE EACH STEP IN THE EVALUATION IN A MATTER OF A FEW DAYS. TORP SAYS HE HAS NO COMPLAINTS FROM THE OPERATORS ABOUT HOW THE PROCEDURE IS WORKING OUT. AS REPORTED IN REF B, BUSINESSMEN REPRESENTING U.S. INTERESTS FEAR DISCRIMINATORY PROCUREMENT PRESSURE, BUT CANNOT AT THIS JUNCTURE POINT TO SPECIFIC CASES. WE WILL CONTINUE TO MONITOR CLOSELY IMPLEMENTATION OF THE MONITORING SYSTEM.

6. DEPARTMENT'S ASSUMPTION (REF A) THAT BOEGH HAS

NOT YET PROVIDED A FURTHER RESPONSE TO OUR DEMARCHE
IS CORRECT.AS WE HAVE EXPRESSED OUR CONCERNS (AND
CONVERSATIONS WITH COMMERCE AND OIL MINISTRY OFFICIALS
INDICATE OUR VIEWS HAVE BEEN PASSED ALONG), WE SEE
NOTHING TO BE GAINED BY PRESSING BOEGH FOR HIS QUOTE
FURTHER RESPONSE UNQUOTE. UNLESS INSTRUCTED TO THE
CONTRARY, WE DO NOT PLAN TO RAISE THE MATTER WITH HIM IN THE
ABSENCE OF SPECIFIC ALLEGATIONS OF DISCRIMINATION.
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